

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

**DEFENSE BASE REALIGNMENT AND CLOSURE
BUDGET DATA FOR THE CONSTRUCTION OF
AN ENLISTED DORMITORY AT BUCKLEY
AIR NATIONAL GUARD BASE, COLORADO**

Report No. 97-088

February 5, 1997

Department of Defense

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Acronyms

AFB	Air Force Base
ANGB	Air National Guard Base
BRAC	Base Realignment and Closure
HMA	Housing Market Analysis
MILCON	Military Construction



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884



February 5, 1997

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)
ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT AND COMPTROLLER)

SUBJECT: Audit Report on Defense Base Realignment and Closure Budget Data for the Construction of an Enlisted Dormitory at Buckley Air National Guard Base, Colorado (Report No. 97-088)

We are providing this audit report for your review and comment. This report is one in a series about FY 1997 Defense base realignment and closure military construction costs. It discusses two projects, with a total value of \$16.7 million, for the construction of an enlisted dormitory at Buckley Air National Guard Base, Colorado. We considered management comments on a draft of this report in preparing the final report.

DoD Directive 7650.3 requires that all recommendations and potential monetary benefits be resolved promptly. We request Under Secretary of Defense (Comptroller) comment on Recommendation 1. and that Air Force provide additional comments on Recommendations 2.a. and 2.b. in response to the final report. We request that management provide the comments by March 7, 1997.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Mr. Wayne K. Million, Audit Program Director, at (703) 604-9312 (DSN 664-9312) or Mr. John M. Delaware, Audit Project Manager, at (703) 604-9314 (DSN 664-9314). See Appendix E for the report distribution. The audit team members are listed inside the back cover.

David K. Steensma

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Deputy Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. 97-088

(Project No. 6CG-5001.50)

February 5, 1997

Audit Report on Defense Base Realignment and Closure Budget Data for the Construction of an Enlisted Dormitory at Buckley Air National Guard Base, Colorado

Executive Summary

Introduction. This report is one in a series about FY 1997 Defense base realignment and closure military construction costs. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, directs the Secretary of Defense to ensure that the amount of the authorization that DoD requested for each military construction project associated with Defense base realignment and closure does not exceed the original estimated cost provided to the Commission on Defense Base Closure and Realignment (the Commission). If the requested budget amounts exceed the original project cost estimates provided to the Commission, the Secretary of Defense is required to explain to Congress the reasons for the differences. The Office of the Inspector General, DoD, is required to review each Defense base realignment and closure military construction project for which a significant difference exists from the original cost estimate and to provide the results of the review to the congressional Defense committees. Our audits address all projects valued at more than \$1 million.

Audit Objectives. The overall audit objective was to determine the accuracy of Defense base realignment and closure military construction budget data. This report provides the results of the audit of two projects, with a total value of \$16.7 million, for the construction of an enlisted dormitory at Buckley Air National Guard Base, Colorado, as a result of the closure of Lowry Air Force Base, Colorado. Another objective was to assess the adequacy of the management control program as it applied to the overall audit objective. The management control program objective will be discussed in a summary report on FY 1997 Defense base realignment and closure military construction budget data.

Audit Results. Planned base realignment and closure military construction project for the enlisted dormitory at Buckley Air National Guard Base is not related to the base closure of Lowry Air Force Base. The \$8.2 million base realignment and closure requirement should be consolidated with the existing regular military construction requirement.

See Part I for a discussion of the audit results. See Appendix C for a summary of invalid and partially valid requirements for the project we reviewed and Appendix D for a summary of the potential benefits resulting from the audit.

Summary of Recommendations. We recommend that the Under Secretary of Defense (Comptroller) suspend \$8.2 million from the FY 1997 Defense base realignment and closure budget for project number CRWU953050 and place it on administrative withhold.

We also recommend that the Air Force delete this project from the FY 1997 Defense base realignment and closure budget and submit a revised DD Form 1391, "Military Construction Project Data," for regular military construction budget funds.

Management Comments. The Under Secretary of Defense (Comptroller) did not respond to the draft of this report. The Air Force nonconcurred with the recommendations, stating that project CRWU953050 is a valid BRAC project that must be awarded by July 10, 1997, to ensure compliance with BRAC law. Any action to cancel or place the BRAC project on administrative withhold would delay the award of the design/build contract and delay construction of suitable housing for enlisted troops. The new dormitory requirement was a direct result of the Lowry Air Force Base closure because several geographically separated organizations located at Buckley Air National Guard Base were supported by Lowry Air Force Base prior to its closure. The closure of Lowry Air Force Base left these personnel without proper housing. See Part I for a summary of management comments and Part III for the complete text of management comments.

Audit Response. We disagree with Air Force management comments because there was adequate housing available on the local economy to support the unaccompanied personnel housing requirement at the time of the BRAC 1991 decision. In addition, neither the BRAC Commission nor the Air Force Base Closure Executive Group identified dormitories for the geographically separated organizations as a requirement from BRAC. We also disagree with which organizations are affected by the closure of Lowry Air Force Base. Personnel from four organizations were used to justify the requirement. The 1991 BRAC Commission identified only one of these four organizations, the 1001st Space Systems Squadron to remain at Lowry Air Force Base in a cantonment area. The 1995 BRAC Commission then relocated the 1001st Space Systems Squadron from Lowry Air Force Base to Peterson Air Force Base, Colorado.

We request that the Under Secretary of Defense (Comptroller) provide comments on Recommendation 1. and that the Air Force provide additional comments on Recommendations 2.a. and 2.b. in response to the final report.

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Part I - Audit Results

Audit Background

The Office of the Inspector General, DoD, is performing various audits of the Defense base realignment and closure (BRAC) process. This report is one in a series about FY 1997 BRAC military construction (MILCON) costs. The report discusses two projects to construct enlisted dormitories at Buckley Air National Guard Base (ANGB), Colorado, using FY 1997 BRAC funds and FY 1996 MILCON funds. For additional information on the BRAC process and the overall scope of the audit of BRAC MILCON costs, see Appendix B. See Appendix C for a summary of invalid and partially valid requirements for the projects we reviewed.

Audit Objectives

The overall audit objective was to determine the accuracy of BRAC budget data. The specific objectives were to determine whether the proposed project was a valid BRAC requirement and whether the decision for MILCON in each case was supported with required documentation including an economic analysis that considered existing facilities. Another objective was to assess the adequacy of the management control program as it applied to the overall audit objective.

The following table describes the projects that this audit reviewed.

BRAC MILCON and MILCON Projects Reviewed			
<u>Project Number</u>	<u>Project Location</u>	<u>Description</u>	DD Form 1391 Amount (millions)
CRWU953050	Buckley ANGB	Enlisted Dormitory	\$8.2
CRWU961460	Buckley ANGB	Troop Support Facilities	<u>8.5</u>
Total			\$16.7

See Appendix A for a discussion of the scope and methodology. The management control program objective will be discussed in a summary report on FY 1997 BRAC MILCON budget data.

Prior Audits and Other Reviews

Three summary reports have been issued for the audits of BRAC budget data for FYs 1992 through 1996. These reports list individual projects. Since April 1996, numerous additional audit reports have been issued that address DoD BRAC budget data for FYs 1997 and 1998. Details on these reports are available upon request.

Realignment Projects

The Air Force did not justify requirements and cost estimates for BRAC MILCON project CRWU953050, "Enlisted Dormitory," totaling \$8.2 million and a related FY 1996 MILCON project CRWU961460, "Troop Support Facilities", valued at \$8.5 million. This condition existed because the Air Force included project requirements and costs not related to BRAC in the BRAC MILCON funding requests instead of including those cost in the regular MILCON project. As a result, the Air Force FY 1997 BRAC MILCON budget request is overstated by \$8.2 million and the FY 1996 MILCON project cost estimate is understated by the same amount.

Base Realignment Decision

The 1991 Commission recommended the closure of Lowry Air Force Base (AFB), except for the 1001st Space Systems Squadron, Defense Finance and Accounting Service, and the Air Force Reserve Personnel Center which would remain open in a cantonment area. However, the Air Force detailed analysis that supported the recommendation to close Lowry AFB also recommended that no housing (unaccompanied and family) or other base support facilities be retained. All major tenants would relocate and all personnel would depart.

At the time of the 1991 Commission recommendations, Lowry AFB provided unaccompanied enlisted personnel housing for four activities that were physically located at Buckley ANGB. These four organizations were the 1001st Space Systems Squadron, the 2nd Communications Squadron, the 2162nd Communications Squadron, and the 1001st Security Police Squadron. These organizations supported a satellite ground-control station at Buckley ANGB, which is within the same metropolitan area as Lowry AFB.

Proposed Project for the Base Realignment

In September 1991, Air Force Space Command, Peterson AFB, Colorado, proposed a BRAC MILCON project CRWU933002, "Dormitory", to build a 98-person enlisted dormitory to house tenant activity personnel who were displaced by the closure of Lowry AFB. However, the Air Force Base Closure Executive Group rejected the project for BRAC funding because there was not a "hard requirement" for dormitories. The Air Force Base Closure Executive Group cited the vacancy rates in existing Lowry AFB, Colorado, dormitories and the availability of apartment space in the local metropolitan area. The Air Force Base Closure Executive Group concluded that the need for dormitory space in the Denver metropolitan area must be pursued through the normal MILCON process.

Subsequently, in November 1993, the Air Force Material Command proposed an FY 1996 MILCON project, CRWU961460, "Troop Support Facilities," valued at \$9.5 million, to build a 350-person enlisted dormitory for the personnel that support the Aerospace Development Facility at Buckley ANGB. The 2nd Communications Squadron, the 2162nd Communications Squadron, and the 1001st Security Police Squadron were included in the justification for the project.

Air Force officials reconsidered the possibility of using BRAC funds for a dormitory project at Buckley ANGB because of perceived changes in the local housing market during 1994. In March 1996, Air Force proposed to conjunctive fund and separate the requirements into two projects: an FY 1997 BRAC MILCON project, CRWU953050, for the construction of 150 units and regular MILCON project CRWU961460 for the remaining units. Subsequently, the cost for both projects was impacted by the DoD "1+1" dormitory design policy* for new dormitory construction projects. This action increased project costs for CRWU953050 from \$4.0 million to \$8.2 million and CRWU961460 project costs from \$5.5 million to \$8.5 million.

Project Requirements

The use of BRAC funds for the construction of the 150-person dormitory at Buckley ANGB is not justified because the requirement is not a result of the closure of Lowry AFB. Air Force Space Command justified the project based on the four organizations that had used dormitories at Lowry AFB: the 1001st Space Systems Squadron, the 2nd Communications Squadron, the 2162nd Communications Squadron, and the 1001st Security Police Squadron. These four organizations were not tenants on Lowry AFB. The Office of the Secretary of Defense Base Closure and Transition Office stated that BRAC funds should only pay for the costs of moving tenants that were physically located on the closing base.

In addition, the four squadrons have subsequently been consolidated into other organizations or inactivated.

- The 1001st Space Systems Squadron was reorganized into the 21st Space Systems Squadron during 1992. In October 1993, the 21st Space Systems Squadron was inactivated and became Detachment 1, Space Systems Support Group. The 1995 BRAC Commission deactivated Detachment 1, Space Systems Support Group and relocated Detachment 1 resources to Peterson AFB.

- The 2nd Communications Squadron and the 2162nd Communications Squadron were consolidated into the 2nd Space Communication Squadron during 1992. In May 1993, the 2nd Space Communications Squadron was redesignated the 2nd Space Warning Squadron.

*The 1+1 standard includes two living/sleeping rooms each of 11 m², a bathroom, closets, and a service area/kitchenette. This module will normally house two E-1 through E-4 or one E-5 and above.

Realignment Projects

- The 1001st Security Police Squadron was reorganized to become the 702 Security Police Flight.

Air Force Space Command justified BRAC MILCON project CRWU953050 based on the enlisted personnel assigned to the 2nd Space Warning Squadron and the 702nd Security Police Flight. However, neither the 2nd Space Warning Squadron and the 702nd Security Police Flight, nor their predecessor organizations, were original tenants of Lowry AFB. The one organization that was at Lowry AFB, the 1001st Space Systems Squadron, no longer exists. Consequently, BRAC MILCON project CRWU953050, "Enlisted Dormitory," valued at \$8.2 million, is not a valid BRAC MILCON requirement and should not be funded with BRAC funds.

Housing Market Analysis

Air Force Space Command contracted for a Housing Market Analysis (HMA) to determine the deficit of unaccompanied personnel housing for the Buckley ANGB metropolitan area. The 1995 HMA projected a deficit of 266 units for unaccompanied junior enlisted personnel (E-1 through E-4) by FY 2000. Based on the HMA results, Air Force Space Command reduced MILCON project CRWU961460 to 116 units, but they did not revise the BRAC MILCON project CRWU953050. Because the BRAC MILCON project CRWU953050 is not valid, Air Force Space Command should include all of the deficit identified by the Housing Market Analysis in MILCON project CRWU961460.

Recommendations for Corrective Action

1. We recommend that the Under Secretary of Defense (Comptroller) place project CRWU953050, "Enlisted Dormitory," on administrative withhold pending action by the Air Force to delete \$8.2 million from the FY 1997 BRAC MILCON budget for the project.

Management Comments. The Under Secretary of Defense (Comptroller) did not comment on a draft of this report. Therefore, we request that the Under Secretary of Defense (Comptroller) provide comments to the final report.

2. We recommend that Headquarters, Air Force Space Command:

a. delete project CRWU953050, "Enlisted Dormitory," from the FY 1997 BRAC MILCON budget.

b. revise the DD Form 1391, "FY 1996 Military Construction Project Data," for project CRWU961460 to include the projected deficit based on the 1995 Housing Management Analysis for Buckley Air National Guard Base, Colorado.

Management Comments. The Air Force did not concur with the Recommendations stating that any action to cancel or place the project on administrative withhold would delay the award of the design/build contract, construction of suitable housing, and the chance of missing the 6-year BRAC execution deadline. The Air Force also stated that project CRWU953050 is a valid BRAC project which must be awarded by July 10, 1997, to ensure compliance with BRAC law. The new dormitory requirement was a direct result of the Lowry AFB closure because several geographically separated units located at Buckley ANGB were supported by Lowry AFB prior to its closure. The closure of Lowry AFB left those personnel without proper housing. The original 2nd Communications Squadron, the 2162nd Communications Squadron, and the 1001st Security Police Squadron were simply reorganized and redesignated the 2nd Space Warning Squadron. As of the second quarter FY 1991, the Air Force identified 246 authorized E-1 through E-4 billets for Air Force Space Command in the Denver area.

The Air Force emphasized that the Defense Base Closure and Transition Office has no written policy on the use of BRAC funds to pay the costs of moving tenants that were not physically located on the closing base; however, Headquarters Air Force Program Action Directive 91-19 requires that programming plans include all tenants and geographically separated units. Air Force also stated that they reversed their original 1991 decision in 1994 because of changes in the local housing market and the fact that a hard separate BRAC requirement did exist to house these previously overlooked geographically separated personnel.

Audit Response. The Air Force comments are not responsive to the recommendation. Neither the BRAC Commission nor the Air Force Base Closure Executive Group identified dormitories for the geographically separated units as a requirement of BRAC. At the time of the 1991 BRAC decision, the Air Force Base Closure Executive Group determined that there was no "hard requirement" for the dormitories because adequate facilities existed on the local economy. The fact that the housing market situation changed by 1994, subsequent to the Lowry AFB closure decision, adds further support that a requirement for construction of dormitories is not a BRAC requirement, but was caused by economic changes subsequent to the BRAC decision. There was adequate housing available on the local economy to support the unaccompanied personnel housing requirement at the time of the 1991 BRAC decision. We further disagree as to which units are affected by BRAC law. The 1991 BRAC Commission only identified the 1001st Space Systems Squadron to remain at Lowry AFB in a cantonment area. However, the 1001st Space Systems Squadron was relocated to Peterson AFB, Colorado, by the 1995 BRAC Commission; thus eliminating any related requirement from Buckley ANGB.

The \$9.5 million FY 1996 MILCON project at Buckley for a 350-person dormitory was proposed by Air Force Material Command during November 1993 as a regular MILCON project. We disagree that the 246 authorized E-1 through E-4 billets identified by Air Force represents a 246-unit requirement. If this requirement is valid, the number of E-1 through E-4 billets must be reduced by the number of married personnel and the number of E-4 career personnel who are not required to live on base. Both of these assumptions were used in

Realignment Projects

the Housing Market Analysis. When the Housing Market Analysis assumptions are applied to the 246 authorized billets, only 128 of the 246 unaccompanied personnel would require housing. However, the Program Action documentation contained no reference to support any requirement for any geographically separated units as part of the Lowry AFB closure plan.

We continue to believe that project CRWU953050 is not a valid BRAC requirement and should not be funded with BRAC funds. We request that the Air Force reconsider its comments to Recommendations 2.a. and 2.b. and provide additional comments.

Part II - Additional Information

Appendix A. Scope and Methodology

Scope of This Audit. We examined the FY 1997 BRAC MILCON budget request and supporting documentation for space requirements for one project, CRWU953050, "Enlisted Dormitory," estimated to cost \$8.2 million, at Buckley ANGB. We also examined a concurrent MILCON project, CRWU961460, "Troop Support Facilities," estimated to cost \$8.5 million, at Buckley ANGB.

Audit Period, Standards, and Locations. This economy and efficiency audit was performed from June through August 1996 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. The audit did not rely on computer-processed data or statistical sampling procedures. See Appendix D for the potential benefits resulting from the audit.

Contacts During the Audit. We visited or contacted individuals and organizations within DoD. Further details are available on request.

Appendix B. Background of Defense Base Realignment and Closure and Scope of the Audit of FY 1997 Defense Base Realignment and Closure Military Construction Costs

Commission on Defense Base Closure and Realignment. On May 3, 1988, the Secretary of Defense chartered the Commission on Defense Base Closure and Realignment (the Commission) to recommend military installations for realignment and closure. Congress passed Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," October 24, 1988, which enacted the Commission's recommendations. The law also established the Defense Base Closure Account to fund any necessary facility renovation or MILCON projects associated with BRAC. Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," November 5, 1990, reestablished the Commission. The law also chartered the Commission to meet during calendar years 1991, 1993, and 1995 to verify that the process for realigning and closing military installations was timely and independent. In addition, the law stipulates that realignment and closure actions must be completed within 6 years after the President transmits the recommendations to Congress.

Required Defense Reviews of BRAC Estimates. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, states that the Secretary of Defense shall ensure that the authorization amount that DoD requested for each MILCON project associated with BRAC actions does not exceed the original estimated cost provided to the Commission. Public Law 102-190 also states that the Inspector General, DoD, must evaluate significant increases in BRAC MILCON project costs over the estimated costs provided to the Commission and send a report to the congressional Defense committees.

Military Department BRAC Cost-Estimating Process. To develop cost estimates for the Commission, the Military Departments used the Cost of Base Realignment Actions computer model. The Cost of Base Realignment Actions computer model uses standard cost factors to convert the suggested BRAC options into dollar values to provide a way to compare the different options. After the President and Congress approve the BRAC actions, DoD realigning activity officials prepare a DD Form 1391 for each individual MILCON project required to accomplish the realigning actions. The Cost of Base Realignment Actions computer model provides cost estimates as a realignment and closure package for a particular realigning or closing base. The DD Form 1391 provides specific cost estimates for an individual BRAC MILCON project.

Limitations and Expansion to Overall Audit Scope. Because the Cost of Base Realignment Actions computer model develops cost estimates as a BRAC package and not for individual BRAC MILCON projects, we were unable to determine the amount of cost increases for each individual BRAC MILCON

Appendix B. Background of Defense Base Realignment and Closure and Scope of the Audit of FY 1997 Defense Base Realignment and Closure Military Construction Costs

project. Additionally, because of prior audit efforts that determined potential problems with all BRAC MILCON projects, our audit objectives included all large BRAC MILCON projects.

Overall Audit Selection Process. We reviewed the FY 1997 BRAC MILCON \$820.8 million budget submitted by the Military Departments and the Defense Logistics Agency. We excluded projects that were previously reviewed by DoD audit organizations. We grouped the remaining BRAC MILCON projects by location and selected groups of projects that totaled at least \$1 million for each group. We also reviewed those FY 1996 BRAC MILCON projects that were not included in the previous FY 1996 budget submission, but were added as part of the FY 1997 BRAC MILCON budget package.

Appendix C. Projects Identified as Invalid or Partially Valid

Table C-1. Causes of Invalid or Partially Valid Projects

<u>Project Location</u>	<u>Project Number</u>	<u>Causes of Invalid Projects</u>		<u>Causes of Partially Valid Projects</u>	
		<u>Overstated</u>	<u>Unsupported</u>	<u>Overstated</u>	<u>Unsupported</u>
Buckley ANGB	CRWU953050		X		

Table C-2. Recommended Changes in Project Estimates

<u>Project Location</u>	<u>Project Number</u>	<u>Amount of Estimate on DD Form 1391 (thousands)</u>	<u>Recommended Amount of Change</u>	
			<u>Invalid Projects (thousands)</u>	<u>Partially Valid Projects (thousands)</u>
Buckley ANGB	CRWU953050	\$8,200	\$8,200	

Total Invalid and Partially Valid Projects

\$8,200

Appendix D. Summary of Potential Benefits Resulting From Audit

Recommendation Reference	Description of Benefit	Amount or Type of Benefit
1.	Economy and Efficiency. Avoids inappropriate expenditures of BRAC MILCON funds.	FY 1997 Base Closure Account funds of \$8.2 million put to better use.
2.a. & b.	Economy and Efficiency. Avoids inappropriate expenditures of BRAC MILCON funds.	Amount of benefit identified in Recommendation 1.

Appendix E. Report Distribution

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Director, Defense Logistics Studies Information Exchange
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Principal Assistant Deputy Under Secretary of Defense (Industrial Affairs and Installations)
Assistant to the Secretary of Defense (Public Affairs)

Department of the Army

Auditor General, Department of the Army
Chief, National Guard Bureau
Office of Internal Review and Compliance
The Adjutant General, Colorado National Guard
Buckley Air National Guard Base

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Auditor General, Department of the Navy

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Deputy Assistant Secretary of the Air Force (Installations), Base Transition Division
Auditor General, Department of the Air Force
Headquarters, Air Force Materiel Command, Directorate of Engineering, Wright Patterson AFB
Directorate of Facility Engineering, Aerospace Data Facility, Buckley ANGB
Headquarters, Air Force Space Command, Director of Civil Engineering, Peterson AFB
Commander, 21st Space Wing, Peterson AFB

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Inspector General, National Security Agency
Inspector General, Defense Intelligence Agency

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Senate Subcommittee on Defense, Committee on Appropriations
Senate Subcommittee on Military Construction, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on Military Construction, Committee on Appropriations
House Subcommittee on National Security, Committee on Appropriations
House Committee on Government Reform and Oversight
House Subcommittee on National Security, International Affairs, and Criminal
Justice, Committee on Government Reform and Oversight
House Committee on National Security

Part III - Management Comments

Department of the Air Force Comments



Office of the Assistant Secretary

DEPARTMENT OF THE AIR FORCE WASHINGTON, DC

25 Nov 96

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING OFFICE
OF THE INSPECTOR GENERAL DEPARTMENT OF DEFENSE

FROM: SAF/MIIT
1660 Air Force Pentagon
Washington, D.C. 20330-1660

SUBJECT: Audit Report on Defense Base Realignment and Closure Budget Data for the Construction
of an Enlisted Dormitory at Buckley Air National Guard Base, Colorado (Report No.6CG-
5001.50), October 28,1996

This is in reply to your memorandum requesting the Assistant Secretary of the Air Force
(Financial Management and Comptroller) provide Air Force comments on subject report.

Your first recommendation is the Under Secretary of Defense (Comptroller) place project
CRWU953050, "Enlisted Dormitory," on administrative withhold pending action by the Air Force to
delete \$8.2 million from the FY 1997 BRAC MILCON budget for the project.

We NON-CONCUR. Project CRWU953050, "Enlisted Dormitory" is a valid BRAC project
which must be awarded by 10 July 1997 to ensure compliance with BRAC law. The new dormitory
requirement was in fact a direct result of the Lowry AFB closure. If this base had not closed, the
affected Air Force Space Command (AFSPC) units would still be housed in Lowry AFB dormitories.
After the closure, AFSPC continued to lease Lowry AFB dormitory rooms until February 1996, when
the Lowry Reuse Authority forced these personnel to relocate because of civilian requirements for the
facilities. These enlisted troops then moved into two dormitories at Fitzsimmons Army Medical Center
where they are currently housed. However, this temporary arrangement expires 31 Oct 98 due to
closure of this installation.

Several geographically separated units located at Buckley ANGB were supported by Lowry
AFB prior to its closure. Host-tenant support agreements in effect stated the host (Lowry AFB) was
responsible to provide housing for unaccompanied personnel. This is in compliance with DoD
4165.63M, *Housing Manual*, page 5-7, para 1c which gives DoD components the authority to develop
programming requirements for unaccompanied housing (atch 1) and Air Force instruction 32-6005,
Unaccompanied Housing Management and Operations, dated 28 April 1994, Para 1.9 which states:
"The host base provides unaccompanied housing support to eligible tenant and attached unit people
whenever possible" (atch 2). Lowry AFB also received Base Operations Support (BOS) manpower to
support these units and AFSPC helped fund upgrades to the dormitories these units occupied.

These geographically separated unit personnel were physically housed on Lowry AFB prior to
the closure. When the dormitories were closed, this existing mission was left without proper housing,
and construction of a new facility became a BRAC requirement. The original 2nd Communications
Squadron, the 2162nd Communications Squadron and the 1001st Security Police Squadron were

simply reorganized and redesignated the 2nd Space Warning Squadron. The requirement for this dormitory remains today. The authorizations for E-1 through E-4 in the Denver area are:

<u>Date</u>	<u>AFSPC Personnel</u>	<u>Other Personnel</u>
1991	246	Unknown
1995*	257	207

* 1995 manpower figures used to show "current mission" requirements prior to the ADF expansion and stand-up of 821st Space Group.

Your second recommendation is Headquarters, Air Force Space Command: a) delete project CRWU953050, "Enlisted Dormitory," from the FY 1997 BRAC MILCON budget and b) revise the DD Form 1391, "FY 1996 Military Construction Project Data," for project CRWU961460 to include the projected deficit based on the 1995 Housing Management Analysis for Buckley Air National Guard Base, Colorado.

We NON-CONCUR. The Air Force strongly disagrees with the draft recommendations to delete the BRAC project and to revise the regular MILCON project to include the 150 person BRAC dormitory requirement. A request for proposals has been prepared to advertise both the regular MILCON and BRAC projects under one contract, as one facility. Any action to cancel or place the BRAC project on administrative withhold would delay the award of the design/build contract and delay construction of suitable housing for our enlisted troops. Further, placing this project on administrative withhold would increase the chance of missing the 6-year BRAC execution deadline, thereby jeopardizing the project. As previously stated, project CRWU953050, "Enlisted Dormitory" is a valid BRAC project.

Headquarters Air Force Program Action Directive 91-19 states "In addition to primary mission players, all tenants and geographically separated units must be addressed in the programming plans." Disposition of these geographically separated units was not addressed in the 1991 Commission recommendations. In September 1991, AFSPC proposed a BRAC MILCON project to build an enlisted dormitory to house tenant activity personnel displaced by the closure of Lowry AFB. Initially, the Air Force Base Closure Executive Group (BCEG) rejected the project for BRAC funding because there was not a "hard requirement" for dormitories citing vacancy rates in Lowry AFB dormitories and availability of apartment space in the local metropolitan area. This oversight was corrected in January 1994 by SAF/MII (chairman of the BCEG) who validated a BRAC requirement for the 150-unit dormitory (atch 3). The original BCEG decision was reversed because of changes in the local housing market, examples of numerous hardship cases of unaccompanied enlisted personnel attempting to live off-base, and the fact that a hard separate BRAC requirement did exist to house these previously overlooked geographically separated personnel.

Please note the Air Force never proposed a \$9.5M FY 96 MILCON project at Buckley for a 350-person dormitory as stated in the draft audit report. Air Force Material Command developed a conjunctively funded project using Air Force MILCON funds for the new mission personnel and BRAC funds for the current mission personnel previously housed at Lowry AFB. Air Staff divided the project into two separate projects because of the different funding avenues. The official MILCON project proposed by the Air Force is CRWU 961460, "Troop Support Facilities" valued at \$5.5M to house 150 personnel (atch 4). This project was submitted in the Budget Estimate Submission to OSD, included in the President's Budget Submission, and approved by Congress for FY 96. This project was justified solely by the increase in manning of the Aerospace Data Facility, a new mission requirement.

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Since that time, AFSPC was assigned as the host Major Command for all active duty military support in the Denver area. As host, AFSPC assumed design and construction management responsibility for CRWU 961460, "Troop Support Facilities" and project CRWU953050, "Enlisted Dormitory." After further review the Air Force agreed that both projects are to be designed/constructed together as one facility under one contract to maximize efficiency and cost savings. The Air Force will request Congressional reprogramming of CRWU961460 to reduce the scope to 116 persons to comply with the November 1995 Housing Market Analysis. The request will also adjust the programmed amount to ensure there are sufficient funds to meet the "1+ 1" dormitory design standard. The reprogramming request is expected to be submitted by AFSPC to HQ USAF/CEC in December 1996.

The Draft Audit Report, Part I, Project Requirements, also states: "The Office of the Secretary of Defense Base Closure and Transition Office stated BRAC funds should only pay for the costs of movement of tenants that were physically located on the closing base." The Defense Base Closure and Transition Office has no written policy on this subject. The Air Force policy is to address BRAC funding for tenant units, even geographically separated units, when they are affected by BRAC actions. *Headquarters Air Force Program Action Directive 91-19, 1991 Defense Base Closure and Realignment Commission recommendations from Defense Base Closure and Realignment Act of 1990, Annex Foxtrot, paragraph 5b states:*

"A full inventory of facility use requirements and current deficiencies for units being realigned from the bases to be closed must be compiled. In addition to primary mission players, all tenants and geographically separated units must be addressed in the programming plans." (atch 5)

Our point of contact is Mr. Lester R. Schauer, DSN 227-6559.


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Chief, Base Transition Division

5 Atchs:

1. 94DoD 4165.63M, *Housing Manual*
2. AFI 32-6005, *Unaccompanied Housing Management and Operations*
3. HQ USAF/CE Memorandum 10 Jan
4. DD Form 1391, "Troop Support Facilities"
5. HQ USAF Program Action Directive 91-19, Annex F

cc:

SAF/MII
SAF/FMBIC
USAF/CEC
AFSPC/XP/CE/FM
ANGRC/CE
21 SW/CC

Attachments
not included
due to their
length.

Audit Team Members

This report was prepared by the Contract Management Directorate, Office of the Assistant Inspector General for Auditing, DoD.

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